

Arrowstreet Capital, Limited Partnership

International Equity – ACWI Ex-U.S. Strategy

2nd Quarter 2014

Arrowstreet Capital, Limited Partnership Overview

Arrowstreet Capital, Limited Partnership ("Arrowstreet") is a discretionary institutional global asset manager that was founded in June 1999. Arrowstreet has been a registered investment adviser with the Securities and Exchange Commission under the U.S. Investment Advisers Act of 1940, as amended, since July 1999. Headquartered in Boston, Massachusetts, Arrowstreet is a private limited partnership that is wholly-owned by its senior management and non-executive directors.

Investment Philosophy

Arrowstreet believes that equity markets are inefficient and that a well-conceived and continually researched active investment process can generate excess returns relative to a passive benchmark. This active process must understand what information is likely to impact share prices with a predictable and measurable lag that allows time to invest and profit. Further, the most valuable (and often overlooked) insights for forecasting a security's return are often found by observing information pertaining not just to the security itself, but also to related securities. This information is not as obvious and as a result is generally reflected more slowly in share prices.

Investment Process

Arrowstreet's investment process is best characterized as a dynamic process that uses quantitative models to evaluate securities to exploit opportunities across companies, sectors, countries, and other related factors while seeking to avoid long term systematic biases toward any particular country, sector, style, or market capitalization.

Investment Strategy Objective

The International Equity – ACWI Ex-U.S. Strategy managed on behalf of the Indiana Public Retirement System seeks to produce returns in excess of the MSCI All Country World Index, Net (unhedged), in U.S. Dollars with generally expected tracking error in the range of 4% to 7% over a five year period. Tracking error is defined as the annualized standard deviation of the Benchmark-relative monthly excess returns of the Strategy. There can be no assurance that this Strategy will achieve its investment objective.

Sector Allocation

Financials	18.34%
Energy	14.92%
Utilities	8.73%
Materials	2.61%
Telecommunication Services	9.93%
Health Care	14.47%
Industrials	7.17%
Consumer Staples	3.16%
Consumer Discretionary	4.28%
Information Technology	15.97%

Notes:

- Sector Allocation and Country Allocation information is as of 6/30/2014.
- Sector Allocation and Country Allocation percentages may not add to 100%, due to cash, payables, receivables, and other non-equity holdings.
- Data provided is for a separately-managed account managed by Arrowstreet Capital on behalf of the Indiana Public Retirement System. The inception of this account is 10/1/2009.
- References to countries, sectors, or baskets are for informational purposes only and are not intended as investment advice. The information presented above is not an endorsement of any particular region or sector.

Disclosures:

- This information has been prepared to fulfill a direct request from Indiana Public Retirement System and is not intended for mass distribution. The information presented herein is provided by Arrowstreet Capital, Limited Partnership as of June 30, 2014 for informational purposes only. The International Equity Strategy All World Ex. U.S. Composite Performance Review Report is provided herein and should be read in conjunction with all information presented in this document.

Country Allocation

Developed Markets		Emerging Markets	
Australia	1.23%	Brazil	2.49%
Austria	--	Chile	0.29%
Belgium	1.82%	China	3.67%
Canada	8.97%	Colombia	--
Denmark	1.91%	Czech Republic	0.25%
Finland	2.99%	Egypt	--
France	6.40%	Greece	0.84%
Germany	6.75%	Hungary	--
Hong Kong	0.07%	India	3.06%
Ireland	--	Indonesia	--
Israel	--	Malaysia	--
Italy	5.89%	Mexico	0.47%
Japan	14.10%	Peru	--
Netherlands	1.31%	Philippines	--
New Zealand	0.42%	Poland	0.30%
Norway	1.03%	Qatar	--
Portugal	0.25%	Russia	4.74%
Singapore	--	South Africa	2.26%
Spain	6.91%	South Korea	0.71%
Sweden	0.31%	Taiwan	5.91%
Switzerland	3.12%	Thailand	--
United Kingdom	10.45%	Turkey	0.66%
		United Arab Emirates	--

Arrowstreet Capital, Limited Partnership

International Equity – ACWI Ex-U.S. Strategy

Composite Performance Review - June 30, 2014

International Equity - ACWI Ex-U.S. ¹		Composite Return (Gross of Fees)	Composite Return (Net of Fees) ²	Benchmark: MSCI ACWI ex-U.S. (Net)	Value Added (vs. Gross Return) ³	End of Period Assets (\$ Mil)	# of Portfolios	Composite Dispersion ⁴	% of Total Firm Assets
2000	6/1/2000 - 12/31/2000	-5.95%	-6.34%	-8.42%	2.48%	\$94	1	N/A	28%
2001	Year End	-14.14%	-14.73%	-19.73%	5.59%	\$81	1	N/A	5%
2002	Year End	-11.36%	-11.97%	-14.95%	3.59%	\$71	1	N/A	3%
2003	Year End	35.59%	34.88%	40.83%	-5.25%	\$1,591	4	N/A	36%
2004	Year End	24.26%	23.58%	20.91%	3.35%	\$2,579	6	N/A	35%
2005	Year End	17.01%	16.38%	16.62%	0.39%	\$3,905	12	0.43%	35%
2006	Year End	25.98%	25.29%	26.65%	-0.67%	\$4,885	12	1.38%	28%
2007	Year End	19.07%	18.43%	16.65%	2.42%	\$5,650	12	1.31%	24%
2008	Year End	-42.06%	-42.39%	-45.52%	3.47%	\$3,460	15	1.27%	24%
2009	Year End	50.10%	49.30%	41.45%	8.66%	\$5,753	16	4.28%	25%
2010	Year End	15.46%	14.86%	11.15%	4.31%	\$8,295	16	0.78%	24%
2011	Year End	-12.21%	-12.75%	-13.71%	1.49%	\$7,696	21	0.78%	22%
2012	Year End	20.24%	19.54%	16.83%	3.41%	\$10,022	21	0.66%	24%
2013	Year End	24.89%	24.17%	15.29%	9.61%	\$12,875	21	1.18%	26%
2014	1st Quarter	1.28%	1.14%	0.51%	0.77%	\$12,777	22	-	25%
	2nd Quarter	5.41%	5.26%	5.03%	0.38%	\$13,365	22	-	25%
	Year-to-Date	6.76%	6.46%	5.56%	1.20%	\$13,365	22	-	25%
	Trailing 1 Year	27.04%	26.31%	21.75%	5.28%	\$13,365	22	-	25%

Annualized Returns				
International Equity - ACWI Ex-U.S. ¹	Composite Return (Gross of Fees)	Composite Return (Net of Fees) ²	Benchmark: MSCI ACWI ex-U.S. (Net)	Value Added (vs. Gross Return) ³
Trailing 3 Year	9.98%	9.34%	5.73%	4.25%
Trailing 5 Year	15.39%	14.73%	11.11%	4.28%
Trailing 7 Year	5.14%	4.55%	1.27%	3.87%
Trailing 10 Year	11.62%	11.00%	7.75%	3.87%
Since Inception (6/1/2000)	8.09%	7.47%	4.77%	3.32%

Annualized Three Year Standard Deviation			
Year	Period End	Composite Standard Deviation ⁵	Benchmark Standard Deviation ⁵
2011	Year End	23.48%	22.71%
2012	Year End	19.56%	19.26%
2013	Year End	16.58%	16.23%
2014	1st Quarter	16.91%	16.64%
	2nd Quarter	16.39%	16.33%

Notes:

- 1 See Performance Disclosures for important disclosure information. Results presented above are in U.S. dollar (USD).
- 2 Total return net of fees were calculated using the composite fee schedule in effect at that time and assumes only investment management base fees are charged for the International Equity Strategy (0.80% for the first \$50 million; 0.65% for the next \$50 million; and 0.55% thereafter.) Prior to October 1, 2010, the fees charged were as follows, (0.75% for the first \$50 million; 0.60% for the next \$50 million; and 0.50% thereafter). Fees are computed based on the average daily net asset values during the quarter without separate adjustments for contributions/withdrawals. Fees are assumed to be paid on the last day of each quarter. Prior to 2008, fee rates were applied to end of quarter market values and were adjusted for contributions/withdrawals within that quarter. Actual fees charged vary from portfolio to portfolio.
- 3 Value added represents the difference between the composite total return gross of fees and the benchmark. The value added figures are calculated to multiple decimal places and rounded to two decimal places.
- 4 Dispersion is only presented for composites with more than five portfolios for the entire year. Composite dispersion is computed using an asset weighted standard deviation measure using assets at the beginning of each year. Only those portfolios with a full year of results are included in this computation. Several characteristics, individually or in combination, may lead to dispersion of performance among portfolios within a composite. These include, most prominently, cash flows in and out of a portfolio, treatment of currency, and individual portfolio restrictions.
- 5 The three-year annualized standard deviation measures the variability of the composite (gross) and the benchmark returns over the preceding 36 month period.

Performance Disclosures:

- a) The "Firm" claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods December 1, 1999 through December 31, 2013. Prior to April 1, 2003, the verifier was PricewaterhouseCoopers LLP and from April 1, 2003 through September 30, 2009, the verifier was Wolf & Company, P.C. For the period October 1, 2009 through December 31, 2013, the verifier was KPMG LLP. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Equity Strategy All World Ex. U.S. Composite has been examined for the periods June 1, 2000 through December 31, 2013. The verification and performance examination reports are available upon request.
- b) The term "Firm" used to determine total assets includes all GIPS discretionary and non-discretionary fee paying portfolios of Arrowstreet Capital, Limited Partnership. There are no non-fee paying portfolios. Arrowstreet Capital, Limited Partnership is an independent investment adviser registered under the Investment Advisers Act of 1940.
- c) The International Equity Strategy All World Ex. U.S. Composite (created on June 1, 2000) consists of all discretionary fee paying portfolios that follow an international equity strategy that seek to outperform its benchmark by investing primarily in publicly traded equities in both the developed and emerging equity markets, excluding the United States. The risks of international equities, and especially emerging markets equities, are generally somewhat higher than the risks of U.S. equities, as reflected in their somewhat larger return volatility. International equities also may entail some risks of exposure to currencies other than the portfolio's base currency.
- d) A new portfolio is included in a composite in the first full month following inception and a terminated portfolio is included through the last full month preceding its termination. A complete list of composite descriptions is available upon request. Additional information regarding the Firm's policies and procedures for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.
- e) The return information presented in this report represents past performance and is not a guarantee of future results.
- f) Composite returns have been computed net of commissions and transaction costs, include the reinvestment of income and have been presented both gross and net of investment advisory fees. Dividend income is recorded on an accrual basis net of nonreclaimable withholding taxes as they apply to individual portfolios within the composite. Further, certain portfolios, upon the specific direction by clients, may have additional administrative costs reflected in their accounting records and gross of fee computation.
- g) The MSCI ACWI Ex. U.S. Index, Net, is a fully invested capitalization weighted index that assumes reinvestment of dividends and is net of withholding taxes retained at the source for foreigners who do not benefit from a double taxation treaty. Prior to February 1, 2001, the MSCI ACWI Ex. U.S. Index was presented gross of applicable withholding taxes. Index returns do not include any transaction costs, management fees or other costs.
- h) Forward foreign currency exchange contracts are used to manage the currency exposure of the portfolios relative to the benchmark within certain tolerances as determined by the Firm and subject to portfolio investment guidelines, as applicable. Forward foreign currency exchange contracts are not used in those markets where the Firm considers it prohibitively expensive to hedge.